

Douglas J. Pick, Esq.  
Eric C. Zabicki, Esq.  
**PICK & ZABICKI LLP**  
Proposed Counsel to the Debtor  
369 Lexington Avenue, 12<sup>th</sup> Floor  
New York, New York 10017  
(212) 695-6000

**Hearing Date: June 13, 2019**  
**Time: 10:00 a.m.**

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

-----X  
In re:  
VIRGINIA TRUE CORPORATION,

Chapter 11  
Case No. 19-42769 (NHL)

Debtor.  
-----X

**STATEMENT IN ADVANCE OF INITIAL  
CASE MANAGEMENT CONFERENCE**

This Statement is submitted in advance of the Initial Case Management Conference to respond, in writing, to the following matters:

1. The nature of the Debtor's business and the reason for the Chapter 11 filing.

**RESPONSE:** The Debtor is a Virginia corporation with offices located at 2689 Pitkin Avenue, Brooklyn, New York. The Debtor was formed in March 2017 for the purpose of acquiring and developing a 977-acre parcel of land located in Richmond County, Virginia (the "Property"). In 2015, the Property was granted "Phase I" rezoning so as to permit the construction of 718 residential homes/units, a 160-room hotel, an 18-hole golf course and 30,000 square feet of retail space. The Debtor has continued with rezoning by submitting a "Phase II" zoning application and obtaining a necessary wetlands delineation approved by the U.S. Army Corps of Engineers and other relevant studies. The Debtor has also cleared and stabilized 13 acres of land for development to date. The Property is located within a designated "Opportunity Zone" which was created pursuant to the changes made to the federal tax laws in 2017 to offer tax incentives for long term investments in areas deemed to have high poverty rates and sluggish job and business growth. The Property is also only 90 miles from Arlington, VA where Amazon has recently decided to build a major corporate campus employing over 25,000 high-paying individuals.

The Debtor's chapter 11 filing was precipitated by certain threatened litigation with two former stockholders of the Debtor, Domenick and Anthony Cipollone (together, the "Cipollones"). The Cipollones hold a \$5,000,000 promissory note

and mortgage (deed of trust) which was conveyed to them on December 11, 2018 and had matured on April 27, 2019 together with a corresponding confession of judgment from the Debtor as security for the repayment of the amounts owed under the promissory note.

2. The Debtor's financial condition, including post-petition operations and revenue.

**RESPONSE:** The property is vacant and does not produce any income. The Debtor is currently negotiating terms for possible Debtor-in-Possession Financing

3. Debtor-in-possession financing.

**RESPONSE:** The Debtor is soliciting possible Debtor-in-Possession financing and/or investor financing

4. The use of cash collateral.

**RESPONSE:** Not applicable.

5. Any significant motions which the Debtor anticipates bringing before the Court including, but not limited to, sale motions.

**RESPONSE:** The Debtor is investigating the possibility of bringing a preference action and/or a fraudulent conveyance action to set aside the mortgage conveyance to the Cipollones since: (i) at the time of the conveyance the Debtor was insolvent (due to a pending lawsuit by the State of Virginia Department of Environmental Quality); (ii) the Cipollones were insiders; and (iii) the Debtor was engaged in business for which the property remaining with the Debtor constituted unreasonably small capital.

6. Matters relating to the retention of professionals (including any brokers or appraisers).

**RESPONSE:** The Debtor intends to retain:

1. Pick & Zabicki LLP as Debtor's counsel; and
2. Reed Smith LLP as special counsel to Virginia True Corporation.

7. The status of any litigation involving the Debtor.

**RESPONSE:**

1. *David K. Paylor v. Virginia True Corporation*, Circuit Court, Richmond County, Virginia, CL 18-122
  - This is an action in which Mr. Paylor as Director of the Department of Environmental Quality and the State Water

Control Board had asserted alleged violations of the State Water Control Law, the Virginia Stormwater Management Act as well as other statutory violations claiming the Debtor had improperly cleared approximately 13 acres of land without proper authorization.

2. *Robert Smith v. Virginia True Corporation*, Richmond County, Virginia, CL 18-58

- This is an action for professional fees allegedly owed to Mr. Smith.

8. The status of the Debtor's insurance.

**RESPONSE:** The Debtor has full insurance on the property. Proof of insurance has been provided to the Office of the U.S. Trustee.

9. Deadlines for the filing of claims and a plan and disclosure statement.

**RESPONSE:** A Bar Date motion was filed on February 18, 2019 (CCF No.14). The Debtor will be filing a reorganization plan and disclosure statement.

10. The use of alternative dispute resolution, if appropriate.

**RESPONSE:** The Debtor would not oppose a mediation conference with the Cipollones to address Point 5 above.

11. If this is a single asset real estate case, whether the Debtor intends to file a plan within the time allotted pursuant to 11 U.S.C. § 362(d)(3) and whether the Debtor intends to commence adequate protection payments.

**RESPONSE:** Debtor plans to file a plan as soon as practicable which will provide for the full repayment of all creditor claims over a reasonable time period.

12. If this is a small business case, whether the Debtor anticipates being able to satisfy the deadlines provided by 11 U.S.C. § 1121(e).

**RESPONSE:** Not applicable.

13. If this is an individual Chapter 11 case, whether the Debtor anticipates satisfying the Bankruptcy Code requirements that apply to such cases.

**RESPONSE:** Not applicable.

14. The scheduling of additional Case Management Conferences.

**RESPONSE:** The Debtor would request 45 days so as to report on the status of the filing of a reorganization plan.

15. Any other case administrative matters.

**RESPONSE:** None.

Dated: New York, New York  
June 6, 2019

**PICK & ZABICKI LLP**  
Proposed Counsel to the Debtor

By: 

Douglas J. Pick, Esq.  
369 Lexington Avenue, 12<sup>th</sup> Floor  
New York, New York 10017  
(212) 695-6000